

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

---

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD OF PUERTO RICO,

PROMESA  
Title III

as representative of

THE COMMONWEALTH OF PUERTO RICO,

No. 17 BK 3283-LTS  
(Jointly Administered)

---

Debtor.

---

**INFORMATIVE MOTION AND NOTICE OF REQUEST  
TO BE HEARD AT JUNE 28, 2017, HEARING**

The undersigned, counsel to the QTCB Noteholder Group,<sup>1</sup> pursuant to the Court's Order entered on June 21, 2017 [ECF No. 403] (the "Order"), hereby submit this Informative Motion and Request to be Heard at the June 28, 2017, Hearing (the "Motion"). In support of the Motion, the undersigned represent as follows:

1. On May 3, 2017, the Oversight Board, on behalf of the Debtor, issued a restructuring certification pursuant to sections 104(j) and 206 of PROMESA and commenced a case under Title III of PROMESA on behalf of the Commonwealth. On May 5, 2017, the Oversight Board commenced a Title III case on behalf of COFINA, and on May 21, 2017, commenced Title III cases on behalf of HTA and ERS.

2. The Commonwealth has guaranteed approximately \$4 billion of bonds issued by the Puerto Rico Public Buildings Authority (the "PBA"), including approximately \$900 million in principal amount of those certain Qualified School Construction Bonds and Qualified Zone

---

<sup>1</sup> The QTCB Noteholder Group shall have the same meaning as set forth in Notice of Appearance and Request for Notice [ECF No. 134].

Academy Bonds (collectively, the “QTCBs”), and pursuant to several resolutions (collectively, the “Resolutions”), including Resolution No. 468 adopted June 22, 1995, Resolution No. 1596 adopted August 10, 2011, and Resolution No. 1618 adopted December 19, 2011.

3. Members of the QTCB Noteholder Group (or such member’s clients) collectively hold hundreds of millions of dollars of the outstanding principal amount of the QTCBs. Any restructuring of the QTCBs (including the Commonwealth guaranty thereof) must be carefully crafted to comply with certain federal tax rules applicable to the QTCBs, which rules are more sensitive than the rules applicable to the Commonwealth’s general tax exempt debt. Violating the tax rules applicable to the QTCBs could materially and negatively impact the Commonwealth and PBA. The QTCB Noteholder Group has proactively discussed the tax complications with advisors to the Oversight Board and the Commonwealth on several occasions.

4. Prior to the commencement of these Title III cases, certain holders of general obligation bonds issued by the Commonwealth initiated an action against, among others, the Commonwealth seeking, *inter alia*, a declaratory judgment that tax funds transfers to COFINA violated the Puerto Rico Constitution. *See Lex Claims, et al. v. Garcia Padilla, et al.*, No. 16-02374-FAB (D.P.R. July 20, 2016) (the “Lex Claims Litigation”). The Lex Claims Litigation involves a myriad of legal issues and arguments, including allegations concerning the PBA financing structure. *See* COFINA Senior Bondholders’ Motion and Incorporated Memorandum of Law for Judgment on the Pleadings Pursuant to Federal Rule of Civil Procedure 12(c), No. 16-02374-FAB (D.P.R. Mar. 18, 2017).

5. In the weeks since the commencement of the Title III Cases, various ancillary disputes and dispute procedures have been introduced and numerous adversary actions have been

initiated. Additionally, on June 10, 2017, the Oversight Board filed a Motion of Debtors for Order Approving Procedure to Resolve Commonwealth-COFINA Dispute (the “Procedures Motion”) [ECF No. 303], which purports to identify and define “federal law issues” related to the ownership of Pledged Sales Taxes as that term is defined in the Motion. Finally, in response to the growing number of actual and anticipated disputes, on June 15, 2017, the Court issued the Order and Notice of Preliminary Designation of Mediation Team Setting Deadline for Objections to Membership [ECF No. 329] (the “Mediation Order”) stating that “the Mediation Team will identify the issues to be addressed and the sequence in which those issues will be addressed after consulting with all interested parties . . .” Mediation Order at pp. 2-3.

6. The scope of the issues to be addressed by the Mediation Team has yet to be defined; however, it is clear that the issues are intended to foster the development of a plan of adjustment and to resolve issues such as those involved in the pending litigations, including the Lex Claims Litigation. Additionally, it appears that the Procedures Order is intended to resolve issues involved in the pending litigations, including the Lex Claims Litigation. The QTCB Noteholder Group has a direct interest in the scoping of issues in connection with the Procedures Motion and in the topics identified for mediation and will have a similar interest in the numerous yet-to-be identified issues that will emerge in mediation.

7. Accordingly, the undersigned counsel respectfully request the right to be heard at the June 28, 2017, hearing with respect to: (a) the Procedures Motion; (b) the Mediation Order; and (c) any issues that the Court or other parties may raise during the hearing.

Dated: June 26, 2017

**CORREA ACEVEDO & ABESADA LAW  
OFFICES, P.S.C.**

Centro Internacional de Mercadeo, Torre II  
# 90 Carr. 165, Suite 407  
Guaynabo, P.R. 00968  
Tel. (787) 273-8300; Fax (787) 273-8379

/s/ Roberto Abesada-Agüet  
USDC-PR No. 216706  
E-Mail: ra@calopsc.com

**Bracewell LLP**

City Place I, 34<sup>th</sup> Floor  
185 Asylum Street  
Hartford, CT 06103  
Attn: Kurt Mayr  
Telephone: (860) 256-8534  
Email: [kurt.mayr@bracewell.com](mailto:kurt.mayr@bracewell.com)

Co-Counsel for the QTCB Noteholder Group

**I HEREBY CERTIFY** that on June 26, 2017, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send automatic notifications of such filing to all attorneys of record.

/s/ Kurt A. Mayr

Kurt A. Mayr  
Bracewell LLP  
City Place I, 34<sup>th</sup> Floor  
185 Asylum Street  
Hartford, CT 06103  
Tel: (860) 254-8534  
Email: kurt.mayr@bracewell.com

/s/ Robert Abesada-Agüet

Roberto Abesada-Agüet  
Centro Internacional de Mercadeo II  
#90 Carr. 165 Suite 407  
Guaynabo, Puerto Rico 00968-8064  
ra@calopsc.com  
(787) 273- 8300